



Hearing on DLGF Proposed Annual Adjustment Factors for Calumet Township, Lake County 2009 pay 2010 Valuations

Timothy J. Rushenberg

Commissioner

February 1, 2010



Hearing on Proposed Annual Adjustments

- Why is the DLGF holding this hearing?
 - Describe the nature and purpose of annual adjustments
 - Explain why the DLGF is performing the annual adjustments for Calumet Township
 - Describe the process of performing the annual adjustments
 - Describe the proposed annual adjustment factors
 - Explain how the DLGF calculated the proposed annual adjustment factors



Hearing on Proposed Annual Adjustments

- What is an annual adjustment?
 - A yearly change to an assessed property value based on comparisons of that property to sales data of other properties in the same neighborhood.
 - For example, if sales of properties in a neighborhood indicate a general increase or decrease in value, that increase or decrease is applied to the assessed value of unsold properties in the same neighborhood for property taxation.



Hearing on Proposed Annual Adjustments

- Why does Indiana law require annual adjustments?
 - Annually adjusting property values is part of Indiana's court-ordered move to a market-based assessment system that began in 2002. Similar market-based assessment systems are currently being used in 48 other states.



Hearing on Proposed Annual Adjustments

- Why does Indiana law require annual adjustments? (cont.)
 - Under the old system, real estate was generally only reassessed every 10 years. That left taxpayers with a large change in their assessments every decade.
 - Annual adjustments curb that large lump-sum change in assessments by annually and incrementally adjusting values based on sales.



Hearing on Proposed Annual Adjustments

- Why is the DLGF performing the annual adjustment for Calumet Township? (cont.)
 - The law requires a township to make annual adjustments to assessed property values. (IC 6-1.1-4-4.5, -16; IC 6-1.1-5-14; 50 IAC 21)
 - If a township fails to make the annual adjustments for the assessment year by May 15, the DLGF is authorized to perform the annual adjustments. (50 IAC 21-12-1)
 - Calumet Township was required to perform the annual adjustments by May 15, 2009, for 2009 pay 2010. It has not done so.



Hearing on Proposed Annual Adjustments

- What process will DLGF follow in performing the annual adjustments for Calumet Township?
 1. Determine that the township has failed to make annual adjustments by the established deadline
[DLGF did this.]
 2. Notify the county auditor and taxpayers of DLGF's intent to make the annual adjustments
[DLGF did this.]
 3. Calculate proposed annual adjustment factors using data approved by law (50 IAC 21-12-1)
[DLGF did this.]



Hearing on Proposed Annual Adjustments

- What process will DLGF follow in performing the annual adjustments for Calumet Township?
(cont.)
 4. Hold a public hearing on the proposed annual adjustments **[DLGF is doing this now.]**
 5. Adopt and give county and township officials and taxpayers notice of the annual adjustment order
 6. Conduct hearing on petition for review of annual adjustment order if a proper petition is filed
 7. If a hearing on any such petition is conducted, the DLGF may affirm, modify, or set aside its order



Hearing on Proposed Annual Adjustments

- What are the proposed annual adjustments?

Property Class	Factor	Method
Residential Improved	0.98	2008 sales data
Residential Vacant	0.98	2008 sales data
Commercial Improved	1.02	Marshall and Swift Cost Basis
Commercial Vacant	1.00	2008 sales data
Industrial Improved	1.02	Marshall and Swift Cost Basis
Industrial Vacant	1.00	2008 sales data



Hearing on Proposed Annual Adjustments

- How does this affect me?
 - Based on the proposed annual adjustment factors, your assessed value will probably change.
 - Taxpayers have the right to appeal their assessment if they believe the assessed value (not the amount they pay in taxes) is incorrect (IC 6-1.1-15).
 - For the March 1, 2009 pay 2010 assessment date, the taxpayer must consider what the property was worth as of the January 1, 2008 valuation date.



Hearing on Proposed Annual Adjustments

- Why doesn't the DLGF always perform the annual adjustments instead of the county or township?
 - According to the International Association of Assessing Officers, it's rare for an oversight agency like the DLGF to perform annual adjustments that are any more specific than property class or broad geographic area. (*Standard on Ratio Studies* § 2.2.1 July 2007).
 - However, a county or township that performs annual adjustments can tailor those adjustments to many more property characteristics, such as property type, location, age, size, etc.
 - The DLGF isn't funded or tasked to perform adjustments at that level of detail for one county, much less 92 counties.



Hearing on Proposed Annual Adjustments

- Questions and Comments



Contact the Department

- **Timothy J. Rushenberg**
 - **Telephone: 317.232.3775**
 - **Fax: 317.232.8779**
 - **E-mail: trushenberg@dlgf.in.gov**
- **Web site: www.in.gov/dlgf**
 - **“Contact Us”: www.in.gov/dlgf/2338.htm**